

The Transformation Leader
The Emerging Role of HR in Re-Inventing Enterprise for the 21st Century
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The Futurist

- I. Our Transformational Moment in History – The mature industrial nations are currently passing through a techno-economic revolution of historic proportions, the full effects of which will be felt throughout all parts of the world in less than a generation, dramatically altering daily life and work for most people, and changing the destiny of humankind.
- Economic historians estimate that it typically takes two generations – 70 to 80 years – for most of the productive institutions in a nation to acquire and effectively employ a new technology throughout the principal functions of their operations.
 - During the first two-thirds of this time – about 50 years – national productivity improvement rates stagnate or decline, until the new technology "matures" sufficiently to be a generally productive, cost-effective tool, and until a large portion of the workforce has learned how to use the new technology.
 - Seven-eighths of the benefits of a new technology appear in the final one-third – 25 years – of the revolution, as management begins to re-organize the newly-matured technology and the newly-skilled human resources into new arrangements that are more productive than standard Industrial Era authoritarian hierarchies; this is THE TRANSFORMATION.
 - The United States and Canada entered the transformational stage of the Info-mation Revolution in the early 1990's, when their productivity improvement, profitability and worker compensation all began to rise. All other industrial economies are still in the "pre-transformational" stage of the Info-mation Revolution. The massive layoffs, stagnant wages and diminished social welfare benefits experienced by the U.S. over the past ten years have only recently begun to occur elsewhere in the industrial world, and the resulting socio-economic pain will cause considerable political turbulence in these nations well into the 21st Century.
- II. "Transformation" Defined – Patterns of successful organizational transformation now emerging within the U.S. – and among trans-national firms worldwide – provide instructive guidance about the productive uses of info-com technology (IT), and the organization of post-industrial enterprise.
- The principal value-adding potential of IT is to improve human decisions;; optimally, this means improving every workplace decision by every employee. Thus, in order to realize IT's decision-improving potential, employers must:

1. make decision-relevant information available to all employees;
2. provide employees with the competency to apply the data to their decisions; and
3. authorize employees to act upon their own informed judgments, rather than merely following standardized management policies and procedures.

- On the average, the total costs of providing an organization's workforce with access to relevant information, enhancing their decision-making skills, and empowering them to act on their own discretion may be summarized as follows:

Hardware and Software	10%
Human Resource Development	40%
Organizational Transformation	50%

III. The Transformation Process – Strikingly, "Organizational Transformation" involves two separate sets of specific initiatives for most Industrial Era organizations: one inside the organization – TEAMWORK; and one involving institutions and individuals outside of the organization – OUT-SOURCING. Together, TEAMWORK and OUT-SOURCING are the principal components of INSTITUTIONAL TRANSFORMATION.

- TEAMWORK – Teamwork has emerged as the most effective means of empowering salaried employees who have been "info-mated." Since the mid-1980's, W. Edwards Deming's original "quality circle" has evolved into an entire family of social technologies for every organizational setting and application: problem-solving teams, self-optimizing teams, management teams, design teams, virtual teams, etc.
- "INFRA-PRENEURSHIP:" TEAM-BASED ENTERPRISE – Once an organization has info-mated and empowered its work force, it is able to abandon Frederick Taylor's Industrial Era management philosophy: There is one best way to do each job of work. It is management's responsibility to determine that one best way, and it is the employee's responsibility to follow management's rules; and adopt W. Edwards Deming's Information Era management philosophy: There is always a better way to do each job of work. It is management's responsibility to decide what to do, and it is the employees' responsibility to tell management how to do it better.

As organizations pursue info-mated team-based self-improvement, they identify functions that they do well, others at which they can do better, and those functions that, for a wide range of reasons, they are unable to do especially well. These functions are outsourced!

- **OUTSOURCING** – The "transformational" organization retains those functions that are unusually profitable, or that otherwise afford the enterprise a unique competitive advantage, while outsourcing those functions that have proven to be intractably poor performers, or that do not synergize well with functions at which the organization excels.
- **"EXTRA-PRENEURSHIP:" OUTSOURCED ENTERPRISE** – By partnering its own core competencies with equally competent contract suppliers of component parts and services, a vertically integrated Industrial Era enterprise can transform itself into a virtually integrated collaboration of competence.

IV. Human Resources Management in Revolutionary Times

- **LEADING THE TRANSFORMATION** – Around the world, HR professionals are increasingly the leading agents of contemporary organizational change, largely because 90% of the actual costs of this technology-driven transformation are for human resource development (40%) and human resource organization and management (50%). From executing large layoffs to designing new compensation systems, plus training and retaining quality employees in a skills-short labor market, HR is responsible for – or instrumentally involved in – essentially every aspect of institutional transformation in both the private and public sectors.
- **RE-INVENTING THE HR PROFESSION** – During the prime of the Industrial Era in the U.S.A. (1950-1980), essentially all HR professionals were salaried, year-round employees of organizations with more than twenty full-time workers, as were 75% to 85% of all U.S. workers. But, as more and more organizations outsource their non-core functions over the next fifteen years, contract and contingent work, plus self-employment, will grow to 40% or more of all U.S. employment. Having no permanent employers of their own, these nomads will have to acquire their HR services in the marketplace, where a host of existing executive search firms, employment agencies and temp services are already merging their operations and offerings to create the international Human Resources Industry out of what has been, for most of the 20th Century, the human resources profession.

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